



## **District Budget Committee**

### **2012 Meeting Minutes**

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## DISTRICT BUDGET COMMITTEE

### Minutes of February 2, 2012 Meeting

Present: Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Deanna Herrera, Romero Jalomo, Carlos Marques, Lauren McKee, Eric Narveson, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, John Thompson (on behalf of Jan Tomisaka), Roi Ann Thompson, David Yancey

Absent: Charles Heimler, Doug Threet, Jan Tomisaka (John Thompson attended on her behalf)

Also Present: Adil Ahmed, Carol Coen, Barbara Kavalier, Saloshni Lata, Marilyn Morikang, Anthony Oum, Hoa Pham, Richard Su, Linda Wilczewski

1) Call to Order; the meeting was called to order at 3:00 p.m.

2) Approval of Agenda – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-2**

The agenda was approved as submitted.

3) Approval of December 8, 2011 Minutes – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-2**

The minutes were approved as submitted.

4) Basic Aid

The last two pages of the Second Quarter Report were discussed in regards to how close the district is to basic aid. There are two separate pages as one is based on whether the Governor's tax measure passes in November and the other is based on the tax measure not passing.

If the tax measure does not pass, the cuts would be less than otherwise if the District becomes basic aid.

5) 2011/2012 Draft Second Quarter Report

The deficit factor is being calculated at 2.96%, based on what is known as of today. It's possible it may go up an additional \$700K. The deficit factor will not be known until the P1 comes out.

a) Budget Planning Assumptions

The motion was made to accept the budget assumptions as submitted in the Draft Second Quarter Report – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-2**

The Draft Second Quarter Report was reviewed. The following are some of the specific items noted.

- It's expected that there will be savings of a little under \$400K on expenditure side.
- In regards to transfers in, it's expected the General Fund will receive some money from Fund 17.
- A savings is expected of \$261K for districtwide expenses.
- The District Office is projecting to have a savings of \$200K.
- EVC is just shy of \$3M in revenues; they are expected to overspend on the expense side by \$157K.
- SJCC is expected to have a savings of \$88K.
- Workforce Institute will provide a one-time transfer to the District's General Fund in order that the District will maintain a 7% fund balance. This amount will be adjusted depending upon the final ending fund balance.
- The current parking fees were discussed; \$40 for fall and spring, \$12 for summer. Those can be raised to up to \$50 for fall and spring and \$25 for summer.
- An RFP is being done to find a new benefit broker.

There was an inquiry as to why the ending fund balance from four years ago is now different. Mr. Fitzsimmons responded that he went back and audited those and there were minor adjustments.

There was an inquiry about the OPEB payment(s). It was explained to the Committee that the District has an opportunity to reduce the payment. There will be an information item on the February 14th Board of Trustees agenda and based on the outcome of that meeting, there will be an action item on the March 13th Board of Trustees agenda. It's anticipated there will be a new debt service schedule in May.

A document was distributed to the Committee summarizing the upcoming Measure G-2010 Series A & B general obligation bond sale.

The wind-down of the redevelopment agencies was discussed. Currently there is an estimated \$3B debt for the San Jose RDA that will need to be satisfied first before other payments can be made.

A document was distributed that listed the budget assumptions and principles previously presented to the Board of Trustees at the February 12, 2011 Study Session.

There was an inquiry about the whether the possibility of a parcel tax will be pursued. Mr. Smith stated it isn't yet on the list. It's possible, but difficult as it requires a two-thirds supermajority vote to pass.

There was an inquiry about whether the District will pursue property development. It was explained to the Committee that there are 27 acres potentially available for development, including the site the District Office and The Academy are currently located. Review of the various options is in the early stages; what is viable and what would generate the most revenue for the District. Decisions need to be made in regards to The Academy and the District Office. There are obstacles related to moving ITSS.

The meeting was adjourned at 4:45 p.m.



## DISTRICT BUDGET COMMITTEE

### Minutes of February 23, 2012 Meeting

Present: Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Charles Heimler, Romero Jalomo, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Deanna Herrera, Eric Narveson, Doug Threet

Also Present: Adil Ahmed, Carol Coen, Kim Garcia

- 1) Call to Order; the meeting was called to order at 3:10 p.m.
- 2) Approval of Agenda – **M/S/P; Ayes-12, Opposed-0, Abstentions-0, Absent-6 (at time of vote)**

The agenda was approved as submitted.

- 3) Approval of February 2, 2012 Minutes – **M/S/P; Ayes-12, Opposed-0, Abstentions-0, Absent-6 (at time of vote)**

The minutes were approved as submitted.

- 4) Redevelopment Agency Update

Mr. Fitzsimmons gave the Committee an update regarding the status of the Redevelopment Agency dissolution. The Redevelopment Agencies were dissolved on February 1, 2012. Oversight boards have been identified and will oversee the wind down and liquidation of assets, which is expected to occur over the next several years. Last fiscal year \$9.9M of property tax dollars was diverted to the Redevelopment Agencies. There is a list of enforceable obligations that must be validated and satisfied. After those obligations have been fulfilled, the remaining will be disseminated. Mr. Fitzsimmons has requested to be notified when the oversight board meets. He will pass that on to the Committee.

- 5) Review of State Budget

Mr. Smith provided a budget update to the Committee.

6) P-1 Document Review

The P-1 was reviewed and briefly discussed by the Committee.

7) Apportionment Summary Updates

There are apportionment summary sheets provided in the quarterly report. Updated pages were provided to the Committee.

The documents note what will happen if the Governor's measure passes and if it does not pass. The assumptions are based on the measure passing.

The District would receive \$67.7M, and after student fees and property taxes are taken off the top, the State has indicated that we'll receive \$1.2M; the District believes the amount to be \$743K. The difference is because the State assumes the District will receive more property taxes than the County is estimating. In addition, the District believes less student fees will be received than what the State has indicated.

Once the State apportionment drops below zero, the District becomes Basic Aid. The loss of funds from the State stops, but the District will need to maintain a higher fund balance.

8) Preview of FY2012-13 Budget Principles, Assumptions, and Possible Re-balancing Strategies

A document was provided to the Committee for review and discussion. This document will be part of the Board of Trustees budget workshop at the next Board of Trustees meeting on February 28<sup>th</sup>.

It was noted that information has been received that Kaiser is going to be less than anticipated, which is expected to save approximately \$300K. Blue Cross rates are going down 1% instead of the 7% increase that had been expected.

Potential additional revenue could be realized by an increase in the parking fees and an increase in non-resident students.

Additional revenue-generating ideas included a flea market. It was noted that would go under facility rental. A Farmer's Market was also suggested. Distance learning was mentioned; although this would have an infrastructure requirement, which would push this out a couple years. Parking citations are not being issued on a regular basis, but should be.

It was noted that there are other districts that are planning with the assumption that all tax measures fail.

Concerns were expressed about cutting summer courses entirely. Strong concern was raised by several members regarding the negative impact of severe cuts in summer offerings to our students and future enrollment.

Concerns were expressed about funding to cap.

There was a discussion about pursuing additional grants.

It was noted that there could potentially be one-time dollars from the bookstores of \$500K. This would come from their fund balance.

9) Millionaires Tax Proposal

Materials were provided that compared tax measures.

The meeting was adjourned at 4:40 p.m.



## DISTRICT BUDGET COMMITTEE

### Minutes of March 8, 2012 Meeting

Present: Michael Casas, Frank Espinosa (on behalf of Eric Narveson), Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Charles Heimler, Deanna Herrera, Romero Jalomo, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Carlos Marques, Eric Narveson (Frank Espinosa attended on his behalf), Doug Threet

Also Present: Adil Ahmed, Keith, Aytch, Rita Cepeda, Carol Coen, Kim Garcia, Tamela Hawley, Barbara Kavalier, Lori Krouse, Anthony Oum, Henry Yong

1) Call to Order; the meeting was called to order at 1:00 p.m.

2) Approval of Agenda – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-2**

It was requested that Item #5, Comparison of Three Tax Initiatives, be removed from the agenda.

Following the above change, the agenda was approved.

3) FY2012-13 Budget Principles, Assumptions, and Possible Re-balancing Strategies

There was a brief recap of where the budget currently stands. The big question is whether there will be restoration of the deficit factor. Projections estimate the District will finish right at 7% fund balance.

For 2012-13 \$5M was needed to meet the target. Following healthcare savings, the new target is \$4.3M. This is based on the assumption that the Governor's tax measure passes. If it fails, it will mean an additional cut of \$3.3M, offset by Basic Aid revenue.

Budget strategies from the document presented were discussed. Additional strategies included:

- Some Districts have the student life director salary paid subsidized by ASB funds.

- Efforts are underway to increase international students. SJCC anticipates \$30K for 12/13. This amount is after paying for associated costs.
- SJCC is looking into offering intensive ESL, which would generate funds. Given that it is a fee-based program, a higher rate can be charged. This program would be targeted toward international students.
- Grants were mentioned, but concern was expressed as grants have a lot of restrictions on use. Many times the costs associated with a grant are back-filled and/or matched by the District. It's not usually "free money." \$75K will be targeted in this area (Fund 17 – not general fund).
- Facility rentals; targeted \$42K (Fund 15 – not general fund).

It was noted that the funds must tie back to the general fund in order to assist with the fund balance.

- Community outreach; fund raising events to build a bridge between the college and the community. There have been positive responses from some corporations to partner in various ways.
- Matriculation was mentioned, but it was stated that typically categoricals are backfilled by the general fund. It would help the general fund if backfill would be zero. A savings of \$150K was suggested as a target for decreasing the general fund backfill.
- Vacant positions were suggested as an opportunity to obtain savings within a particular year. Concern was expressed as the savings from vacant positions is needed to fund adjunct at EVC. Lay-offs would be needed to fund the difference if the savings from vacant positions is no longer available. \$560K was targeted; SJCC \$200K, EVC \$260K, DO \$100K.
- It was suggested that increased productivity will help.
- One-time funds will be maximized, such as a transfer from the bookstore of \$500K.

#### 4) Time Sensitive Items: Summer School

Documents were provided to the Committee regarding summer school reductions, including what districts are doing across the state and reductions shown at percentage intervals.

It was noted that five classes need to be held over the summer at SJCC: Cosmetology, Esthetician, Dental Assisting, Volleyball, and Football. Cosmetology is 80% of the FTES.

A Committee Member proposed a 20% reduction and to continue the discussion at the next meeting.

It was noted that 20% reduction is generally what has been done each summer.

A Committee Member stated the colleges are at the end of planning the schedules and they need to know now about summer offerings. Another Committee Member noted that changes can be made and are frequently made at the end. There was a response stating that staff has limited capacity for that given the workload.

Chancellor Cepeda stated that it's correct in that changes have been made at the end, but decisions made under those circumstances have been haphazard. She stated that she would like to recommend at least a 40% reduction in summer. If it's necessary to add, that can be done, but it's necessary to begin with a substantive number.

A Committee Member asked if the Committee could instead agree on a recommendation of 30%.

Mr. Smith noted that even if the 40% number is used, they're still far short of the target. The question is whether the organization is ready to deal with what's left.

Ms. Garcia used 40% for discussion, which would be \$2.23M. This puts a great amount of pressure for a 2.3% salary reduction or 25 positions or some mix of both.

Dr. Cepeda stated she will recommend 40% to the Board.

A Committee Member inquired as to whether this would be set aside if other savings pan out as this Committee Member cannot support the recommendation to the Board. Chancellor Cepeda agreed that the recommendation to set the summer session cuts aside would be made to the Board should this not be needed to reach the budget target.

#### Time Sensitive Items: Parking Fee

It's expected that the general fund will backfill the parking fund by \$165K next year. The increase would raise the primary semester fee by \$5 and the daily fee from \$2 to \$3.

It was stated that if even half of the employees were to pay at the current rate, that would be \$75K. This is a negotiated item.

It was noted that the parking fee helps fund campus safety.

A suggestion was made that a premium parking option be offered to employees where they would pay for an assigned parking space in “premium” locations on the campus. This would be voluntary.

A savings of \$165K was added as anticipated savings should the parking fees be increased.

The remaining amount for needed savings is \$2.45M.

5) Comparison of Three Tax Initiatives

This item was removed from the agenda.

6) Calendar – Additional Meetings

A revised schedule of meetings was presented to the Committee, which added two additional meetings for on-going budget planning discussions.

The meeting was adjourned at 3:40 p.m.



DISTRICT BUDGET COMMITTEE

**Minutes of March 22, 2012 Meeting**

Present: Deborah DeLaRosa (on behalf of Eric Narveson), Anthony DiSilvestre, Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Charles Heimler, Deanna Herrera, Romero Jalomo, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Michael Casas, Carlos Marques, Eric Narveson (Deborah DeLaRosa attended on his behalf), Doug Threet

Also Present: Kim Garcia, Lori Krouse, Ingrid Thompson

- 1) Call to Order; the meeting was called to order at 3:05 p.m.

Anthony DiSilvestre was introduced. He will be filling the EVC student seat on the Committee.

- 2) Approval of Agenda – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-6 (at time of vote)**

The agenda was approved as submitted.

- 3) Approval of February 23, 2012 Minutes – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-6 (at time of vote)**

Mr. Yancey indicated the wording at the bottom of page two regarding the summer school discussion was too minimal. He will provide suggested language, and the draft minutes will be re-submitted to the Committee for approval at the next meeting.

- 4) Approval of March 8, 2012 Minutes – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-6 (at time of vote)**

Mr. Gee requested the language “overage” in the seventh bullet point shown on page two be changed to “difference.”

The minutes were approved following the above noted change.

5) Status on Strategy Implementation

A Committee Member requested an update on the solar farm. Mr. Smith stated it was anticipated that it would come online in January, but due to delays, the PG&E rebates will be affected. Mr. Gee stated that PG&E requested SunPower change the connection and then they would re-inspect. SunPower has completed the new connections and the District is waiting on PG&E to come back out. A Committee Member asked if SunPower is being held responsible for the loss of money given the delay is a result of their not knowing what connection PG&E would want. Mr. Smith stated they will check into this and bring the information back to the Committee.

Mr. Fitzsimmons indicated preliminary numbers for PERS is 12.12%, which is slightly more savings than was expected. 1.76% was originally anticipated for unemployment insurance and preliminary looks like 1.25%, but waiting on actual numbers.

The Committee reviewed a hand-out that noted rebalancing strategies that had been discussed in the last District Budget Committee meeting. Mr. Smith stated that the budget assumes that the tax measure passes. The Committee reviewed and briefly discussed five of the six strategies: Resource Development, Enrollment Management, Reduction of Support Costs (categoricals, parking), Defund Positions, and Maximize Other Funds.

The Committee discussed various matters related to Fund 15/Facility Rental, including fund balance and costs associated with facility rental. Updated information will be available at the April 26<sup>th</sup> meeting when the Third Quarter Report will be reviewed.

A Committee Member inquired about additional resource development. Mr. Smith will ask Carol Coen to report on that at the next meeting.

A Committee Member inquired about BSI funds. Mr. Nelson stated that funds from this account can only be utilized for expenses that relate to BSI. They can go back to see how much would qualify.

A Committee Member recommended a special notation be made next to the summer school reduction line item as the Chancellor had communicated at a Committee meeting that those reductions would be off-set if targets are met. Other Committee Members disagreed with making a special notation related to any particular budget strategy. Mr. Smith stated the recommendation would be noted in the minutes.

Mr. Fitzsimmons stated that the categorical reductions and summer school reductions need to be identified by the campuses by March 31st as this will be

included in the Third Quarter Report line items. He stated that the parking fee increases will be submitted at the April 10<sup>th</sup> board meeting.

Mr. Smith referenced section #4, Defund Positions, and noted that the Chancellor has directed him to increase the line item from \$560K to \$1M. The specifics of this number are currently being discussed, but \$1,030,000 has been identified and the information showing how it all adds up will be brought back to the Committee.

A Committee Member expressed concern about fund balances sitting there instead of being utilized to off-set the burden on the General Fund. The Committee Member inquired about the \$223K expected Health Fees fund balance. It was suggested these funds be utilized for the students, such as counseling instead of just sitting there. Mr. Fitzsimmons stated that Fund 18, Health Fees, is restricted as to what it can be used for. Previously it had run a deficit and in response, the campuses cut their budgets. With the budget savings combined with the additional health fee the fund balance is expected to be greater as the campuses have not yet adjusted their budgets, but this will likely occur by the time the Third Quarter Report is generated.

The Committee discussed the bookstore's contribution to the General Fund. A Committee Member inquired as to whether they could see the bookstore's audit. Mr. Fitzsimmons stated that the bookstore's audit is embedded in the District's annual audit. Recommendations for the bookstore are included in the District's audit report.

6) Consolidated Tax Measures

Mr. Yancey updated the Committee on current tax measures and highlighted the document that had been provided to the Committee. He stated there were operational meetings over the past few days and the Millionaires Tax and the Governor's proposed tax have merged in an effort to ensure success. He stated that though there were compromises, there is enormous positive action surrounding this new measure. Mr. Yancey noted that a resolution will be written and taken to the SJECCD board for their support.

The meeting was adjourned at 4:35 p.m.



DISTRICT BUDGET COMMITTEE

**Minutes of April 12, 2012 Meeting**

Present: Anthony DiSilvestre, Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Charles Heimler, Deanna Herrera, Romero Jalomo, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, John Thompson (attended on behalf of Roi Ann Thompson), Jan Tomisaka, David Yancey

Absent: Michael Casas, Eric Narveson, Roi Ann Thompson (John Thompson attended on her behalf), Doug Threet

Also Present: Carol Coen, Kim Garcia, Bruce Geer, Lori Krouse, Mark Miller

- 1) Call to Order; the meeting was called to order at 3:05 p.m.

Mark Miller of Gilbane, the District's 2010 bond program management firm, was introduced to the Committee.

- 2) Approval of Agenda – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4 (at time of vote)**

A request was made to add to the agenda an update on the redevelopment agency.

The agenda was approved following the noted addition.

- 3) Approval of February 23, 2012 Minutes – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4 (at time of vote)**

Minutes were approved as submitted

- 4) Approval of March 22, 2012 Minutes – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4 (at time of vote)**

Minutes were approved as submitted

- 5) Solar Array Status (an attachment was provided)

The Committee had asked at the previous meeting to receive an update on the progress of the Solar Array and information pertaining to the delays.

Mr. Smith stated that in the original plan for the solar array project the District anticipated two areas of savings for the second half of FY2011/2012. One was the utilities savings and the second was the PG&E rebate following completion of the project. The solar array is not yet online, which means utilities savings will not be realized during this fiscal year and work is being done to ensure receipt of the PG&E rebate. Mr. Smith asked Mark Miller of Gilbane to update the Committee on the current status of the project. Mr. Smith noted that Gilbane was not yet the project manager at the time that SunPower was contracted for the solar array project.

Mr. Miller stated that SunPower broke ground on the solar array project in September 2011 and had planned to complete the project by January 20, 2012. Following discussions between District staff, EVC staff, and SunPower the college determined the value added by increasing the scope of work would off-set the increased costs. Subsequently the scope of work was changed to include an increase in the total output of the solar array system from 1.0 megawatts to 1.4 megawatts, which extended the time needed to complete the project. A time extension to July 18, 2012 was granted by PG&E, with final completion expected on June 13<sup>th</sup>. SunPower did not receive acceptance of their design by PG&E until near the end of the project. PG&E then determined they would require a reclose blocking feature that prevents a power backfeed into the PG&E system in the event of a power outage. A system walk down is scheduled for April 20<sup>th</sup> which will include SunPower and Salas O'Brien. It's hoped that Gilbane will be asking for authorization to energize by end of April. The PG&E rebate is still intact.

Self-generating power systems are exempted up to 1.0 megawatts from tariffs and surcharges. Over 1.0 megawatts, the customer is obligated to pay certain tariffs. Since PG&E has a system in place that is capable of supplying the full power needs of the College, but during solar operation PG&E's system will be running at less-than-capacity, law allows PG&E to charge a tariff for certain costs simply to have the capacity available.

Mr. Fitzsimmons noted that there is proposed legislation to move the 1.0 megawatt cap to 5.0 megawatts (proposed legislation was subsequently changed to 2.0 megawatts).

Clyde Murley from CCLC is assisting the District in addressing the tariff. He is analyzing historical data from EVC, investigating the tariff as allowed by law, and is assisting the District by providing technical knowledge and advice during the negotiation with PG&E. The tariff will likely be a small monthly premium and could be as little as \$200 per month.

Mr. Fitzsimmons noted the information provided on the hand-out and stated that the numbers show that expanding the project was the best decision for the long term.

The Committee inquired about the tariff coming from general fund instead of bond funds since it is a bond project. It was explained that because it is a utility expense, it wouldn't be related to the bond project and would come from the general fund.

6) Resource Development Update (an attachment was provided)

The Committee had inquired at a previous meeting as to whether development of other resources could assist with cash flow. Interim Vice Chancellor of Workforce Economic and Resource Development, Carol Coen, was asked to respond.

Ms. Coen stated that through the District's Foundation, an event is planned that will invite local businesses to actively engage in educational programs. The media is assisting with getting the message out. The event's message is Bridge to the Future. The event is intended to bring the business community in as partners. Dr. Cepeda, as well as Carl Guardino have been secured as a speakers. Carl Guardino's message will be that the California Community College System is in crisis and that every business can do something to help. He will emphasize the importance of an education system that prepares the young people to enter the workforce. Dr. Cepeda will tell the story of what the State's disinvestment in education means. There will be visual displays demonstrating tangible ways businesses can actively partner with the colleges. The goal is to have 300 attendees. There is already \$30K committed and the goal is to have the event 100% underwritten so that 100% of the contributions can go to students and programs. This is the first fundraising event the Foundation has had, and they will be doing some branding and introduction of district leadership to the community.

The Committee inquired as to whether the funds raised would go into the District's general fund. Ms. Coen stated the funds would go to the Foundation and it would be up to the Foundation Board to determine how those funds would be used. It's important that the Foundation initially develops resources to fund staff supporting the Foundation. Ms. Coen encouraged the Committee to actively participate in selling tables for the event. She stated it will be an elegant event.

A Committee Member inquired as to what the businesses would expect in return for their contributions. Ms. Coen stated that most of the businesses out there are

aware of the challenge of skilled workforce and that if funding for education is limited, it effects the available workforce, which then in turn impacts innovation.

A Committee Member inquired about a partnership with employees where businesses would match dollar for dollar. Ms. Coen said they will next be working on outreach and that can be looked into. Currently there isn't an alumni association, so that will be an important next step, as well.

A Committee Member inquired about the District Office move/land development. Mr. Smith stated that the Board of Trustees may form a sub-committee and there will be a workshop pertaining to the District Office relocation and the surplus land at the May 22<sup>nd</sup> Board of Trustees meeting. He stated that it's hoped the project will continue to move forward.

A Committee Member inquired about the Milpitas Center and the Onizuka Center. Mr. Smith stated that the Milpitas Center project has \$10M earmarked in the MG-2004 bond program. Meetings are taking place between District administration and MUSD administration. MUSD is interested in moving forward. A study has been commissioned to provide an updated assessment of the proposed Milpitas campus. Discussions are on-going as to what will make sense from an operational stand-point; whether growing a project there can be supported operationally. This will likely be discussed with the Board of Trustees in the next few months.

Mr. Gee responded to the inquiry regarding Foothill's proposed new campus at the site of the former Onizuka Air Force Station. Foothill leases a site at Cubberley Community Center in Palo Alto, and because they have been unable to purchase the site they are looking to acquire the Onizuka site located in the Moffet Business Park in Sunnyvale. Given its proximity to Milpitas, it could have an effect on the success of the proposed Milpitas campus. FHDA Board of Trustees has directed their district's administration to take the necessary steps to acquire the land, and at this point there have been preliminary conversations to that end.

7) Health Services Fee Memo from State Chancellor's Office (an attachment was provided)

A memo from the State Chancellor's Office notifying community colleges that they can raise the health fee up to \$19 per semester was shared with the Committee.

Mr. Fitzsimmons indicated that the fee is not likely to be raised given it was just raised effective fall 2012, but a Committee Member had noted at the last meeting that the health fee fund is projecting to have a \$223K fund balance at the end of FY2012/2013. Mr. Fitzsimmons noted that the memo provides criteria for use of the funds, which potentially could be used to off-set a portion of the Student Insurance premium that is unrelated to the athletic portion of the premium.

The projected health services fee surplus was discussed by the Committee. It was determined that the campuses need to evaluate the cuts that had previously been made to the expenditures tied to the health services fee fund and determine what is needed to provide adequate services to the students.

8) Status on Budget Strategy Implementation (an attachment was provided)

Mr. Smith went through the updates to the strategizing document. The numbers will be updated when the third quarter report comes out. He noted that the Chancellor asked to see more savings in the defunding positions category and following meetings with the college representatives, the additional savings was achieved.

Mr. Smith noted that it was significant that the parking increase had passed. Mr. Fitzsimmons noted there was a caveat to the parking fee projections in that although legislation allows for an increase, it also requires that a discount be provided to carpoolers. Chief Aguirre is working on a program to address this. Mr. Fitzsimmons also noted that EVC plans to move forward with discount public transportation passes, which would reduce parking fees received, but at this time backfill from general fund is not projected. Both campuses have identified a parking lot for the carpoolers. Mr. Gee stated that they're considering segmenting the parking lots to have staff and carpoolers in the same lots, parking permits in another lot, and daily parking in another area. The location of the daily parking may encourage students to purchase a permit and this would decrease the number of daily parking fee machines needed and the subsequent maintenance.

a) Defunding Positions FY2012/2013

The \$1M goal was achieved. The positions will be defunded for one year only.

b) Summer School Reductions

Mr. Gee noted that they were asked to cut \$440K, which is dispersed in the various strategies noted on the hand-out.

Mr. Nelson stated they have submitted their \$440K reduction. It may be adjusted, but they will still equal \$440K.

c) Categorical Reductions

Mr. Fitzsimmons stated that the Chancellor had directed that categorical funding be reduced by \$150K. EVC has provided their reduction strategy and the hand-out shows the six programs receiving backfill and the estimated reductions. SJCC is working on theirs.

9) Redevelopment Agency Update

Mr. Fitzsimmons provided an update based on an RDA oversight board meeting he attended earlier in the day. He stated that the District loses approximately \$7.7M in property taxes to San Jose Redevelopment Agency. The oversight board certified a \$3.96B deficit. It's not expected that the SJRDA income will exceed its annual obligations until 2018. \$2M in property taxes are lost to the Milpitas RDA. Mr. Fitzsimmons was unable to attend the last Milpitas RDA meeting, but will provide an update on that as soon as he's been provided information he's asked for.

Mr. Newton asked for additional detail on the EVC summer school reductions; the format to appear similar to what SJCC provided. He also asked for additional information on the defunded positions "reset."

The meeting was adjourned at 4:45 p.m.



DISTRICT BUDGET COMMITTEE

**Minutes of April 26, 2012 Meeting**

Present: Anthony DiSilvestre, Peter Fitzsimmons, Henry Gee, Barbara Hanfling, Dan Hawkins, Deanna Herrera, Romero Jalomo, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, John Thompson (attended on behalf of Jan Tomisaka), Roi Ann Thompson, David Yancey

Absent: Michael Casas, Charles Heimler, Eric Narveson, Jan Tomisaka (John Thompson attended on her behalf), Doug Threet

Also Present: Adil Ahmed, Kim Garcia, Lori Krouse, Saloshni Lata, Marilyn Morikang, Anthony Oum, Richard Su, Linda Wilczewski

1) Call to Order: the meeting was called to order at 3:05 p.m.

2) Approval of Agenda – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4**

The agenda was approved as submitted

3) Approval of April 12, 2012 Minutes – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4**

Mr. Newton asked that his requests which were made at the April 12<sup>th</sup> meeting be added to the minutes, which included additional detail on the EVC summer school reductions (that the format appear similar to SJCCs) and additional information on the defunded positions “reset.”

The minutes were approved following the addition of the above referenced changes

4) FY2011/2012 Draft Third Quarter Report

a) Budget Assumptions

The budget assumptions included the measure passing. There was a discussion about whether those assumptions were correct based on the expected impact of the measure passing.

The Committee reviewed and discussed the budget assumptions. It was decided that a 4% growth for FY2013-14 and FY2014-15 would be added back to the assumptions. Mr. Smith expressed concern with assuming a 4% growth without also adjusting the expenditures associated with supporting such growth.

Mr. Fitzsimmons noted a few corrections that will be reflected in the final Third Quarter Budget Report.

Mr. Fitzsimmons briefly went through changes that occurred since the second quarter report, which included the following:

- Blue Cross – anticipated 7.3%; the number is coming in at -8.13%
- Kaiser – anticipated 10.7%; coming in at -6.33%
- PERS – anticipated 13.7%; coming in at 12.12%
- Unemployment insurance rate – anticipated 1.76%; coming in at 1.25%

The 1% deficit factor was discussed. 1% is being used based on trends. The 2.96% February surprise was noted.

The budget assumptions, with the noted 4% change, were passed unanimously.

#### b) Summary of Third Quarter

Mr. Smith reviewed the updated budget summary documents. Items noted:

- \$243K increased revenue since second quarter report
- \$500K in rebalancing strategies
- 7.23% projected ending fund balance

Mr. Smith expressed his appreciation for everyone's hard work on finding solutions and implementing rebalancing strategies, as well as what was accomplished with the statutory and medical benefit rate improvement to close the gap. He noted that the rebalancing strategies were aggressive.

Mr. Fitzsimmons stated that their goal was to obtain a minimum 7% ending fund balance for FY2012-13 with the intention of minimizing Budget Reduction Strategy 6 (Collective Bargaining). The District has been successful based upon current projections; however, still working toward the tentative budget and 7.23% is a very thin margin. Mr. Fitzsimmons cautioned the Committee that the estimated ending fund balance is fragile because if revenues between now and June 30, 2013 come in lower than projected and/or if expenditures come in higher than projected, the District runs the risk of not meeting the 7% reserve policy. Mr. Fitzsimmons also noted that a lot of the rebalancing strategies are one-time. There is still a lot of work to do to maintain an on-going balanced budget.

Mr. Jalomo inquired as to whether the bookstore's \$500K one-time contribution will exhaust their reserves. Mr. Fitzsimmons stated that it does pretty much decimate the reserves. Mr. Jalomo asked how long it took to achieve that reserve. Mr. Nelson stated that based on the numbers they have, it was achieved over an eight year span.

c) Third Quarter Budget Report Detail

Mr. Fitzsimmons reviewed the Third Quarter Budget Report detail with the Committee.

Ms. Hanfling inquired about the increase in the Certificated salaries. Mr. Nelson noted that the increase was due to new hires, including himself.

Ms. Hanfling asked why the local revenue between the two years went down. Mr. Fitzsimmons stated that \$375K is based upon anticipated resident enrollment fees; it has been adjusted downward from the previous projections based on actuals since we now have spring enrollment. He stated it doesn't change the bottom line as the less that is collected on enrollment fees, the more the state backfills the District's apportionment.

Mr. Hawkins requested that the comp-time and vacation payout be analyzed as he felt the amount to be high for the number of employees they currently have. Mr. Smith stated he will check into having that broken down and provided in more detail.

Ms. Hanfling inquired about the adjunct budget; that it's spent at 95% and there are still three more payrolls. Mr. Gee stated that there are eight full-time positions that are currently vacant; in order to teach those classes, it's necessary to pay adjunct.

The Committee discussed the on-going problem of over-spending on adjunct, especially at EVC. Ms. Garcia noted that there hasn't been a model on building in adjunct budgets. However, they recently received some training on how to do that.

Mr. Hawkins stated he would like to see the salaries broken out in more detail, showing hourlies and overtime. Mr. Fitzsimmons stated that the Tentative Budget will have more detail, but the quarterly reports have not been done to that detail due to the level of work required to produce such a document.

Mr. Hawkins expressed concern about layoffs. Ms. Garcia inquired about hiring versus paying overtime; what is full-time overtime versus temporary employees. This will be included in the next quarterly report (FY2012-13 first quarter).

Mr. Fitzsimmons noted that Workforce Institute will transfer funds that will allow the District to reach 7% ending fund balance (fund 10).

Mr. Fitzsimmons stated that it's expected there will be a total of \$562K in transfers to categoricals.

Ms. Hanfling expressed continued concern about the basic skills funds continuing to grow given that there are strict rules on how it can be used. Mr. Fitzsimmons noted that on page 36 it shows a three-year spend down on basic skills.

Mr. Fitzsimmons noted that SJCC has dispersed \$11.2M in financial aid and EVC has dispersed over \$15M in financial aid; a reminder to our students' needs.

Mr. Fitzsimmons noted that the OPEB remarketing reduced the obligation from \$2.7M to \$2.4M per year.

Mr. Nelson stated that a number of funds will be moved from the Foundation back to the college as they should be at the institutional level.

Mr. Fitzsimmons communicated to the Committee that funded FTES cap is 13,816; the District is at 13,854. The goal is to be 300 over cap. Positive attendance always adds FTES.

The meeting was adjourned at 5:02 p.m.



## DISTRICT BUDGET COMMITTEE

### Minutes of May 24, 2012 Meeting

Present: Frank Espinoza (attended on behalf of Eric Narveson), Anthony DiSilvestre, Peter Fitzsimmons, Henry Gee, Bruce Geer, Barbara Hanfling, Dan Hawkins, Charles Heimler, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Jan Tomisaka, Roi Ann Thompson, David Yancey

Absent: Michael Casas, Romero Jalomo, Carlos Marques, Doug Threet

Also Present: Carol Coen, Kim Garcia, Lori Krouse, Saloshni Lata, Marilyn Morikang, Anthony Oum, Hoa Pham, Richard Su, Linda Wilczewski

- 1) Call to Order; the meeting was called to order at 3:05 p.m.
- 2) Approval of Agenda – **M/S/P; Ayes-12, Opposed-0, Abstentions-0, Absent-8 (at time of vote)**

The agenda was approved as submitted.

- 3) Approval of April 26, 2012 Minutes – **M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-7 (at time of vote)**

Minutes approved following correction of OBEB to OPEB on page 4.

- 4) FY2012/2013 Proposed Schedule of Meetings

The Committee accepted the calendar as submitted. It was noted that the May 2013 meeting location might need to change once graduation plans are finalized.

Later in the meeting Mr. Nelson requested that extra budget meetings be scheduled in advance. It was decided to schedule the additional meetings and when the dates get closer, they can be canceled if they're unnecessary. Additional meetings were added for September 13, 2012, November 19, 2012, February 14, 2013, March 7, 2013, and April 4, 2013.

- 5) Comp-time & Vacation Payout Analysis

Mr. Fitzsimmons provided a document with the Comp-time and vacation payout analysis to the Committee as had previously been requested by a Committee Member.

6) MSC Personnel Cost Analysis

Mr. Oum provided a document with MSC Personnel Cost Analysis as had been previously requested by a Committee Member.

7) FY2012/2013 Draft Tentative Budget

Mr. Fitzsimmons outlined the differences between the third quarter report and tentative budget.

Growth workload which was 8.24 was reduced to 7.64. It has been aligned with the State. The deficit factor was 2.96 and now it's 2.49; it's been updated to reflect tier 1.

It was noted that San Mateo is going Basic Aid, so SJECCD will receive a bit more money this year; estimated at \$654K.

There was a discussion about numbers used for step and column; the numbers used for adjunct. There was concern that adjunct is historically underfunded. It was noted that overload is mixed in with adjunct time. The fiscal officers are working toward a methodology to determine what is an appropriate adjunct budget.

It was suggested that overload needs to be added to the description or listed as a separate line item.

Mr. Smith stated that there clearly needs to be more detail and more discussion as to what's behind the numbers, but asked to move on and this will be brought back as an agenda item at another meeting.

PERS will change from 12.12% to 11.7%. The document does not show it as the information was received after the draft tentative budget was distributed.

A motion to accept the Budget Assumptions as presented – **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-4**

Mr. Fitzsimmons noted the three-year projection of the General Fund. He stated that the revised FY11/12 ending fund balance is \$5.7M (beginning fund balance \$8.5M).

Mr. Fitzsimmons noted election costs every other year.

Mr. Hawkins inquired about receiving detail on the classified hourly amounts listed. He would like to know what makes up that number as it seems like there is a lot lumped in. Mr. Nelson stated that for SJCC the classified hourly will change. The number will probably be around \$200K. There are a lot of temps, maternity leave, medical leave. Based on trends, it's expected it will go up for FY12/13.

For the third quarter we're projected to receive \$4.4M in State revenue, which is an increase of \$400K+ from the second quarter. This is attributed to State apportionment.

It was noted the District is moving closer to Basic Aid.

Mr. Fitzsimmons noted the ending fund balances for each year are projected; shown on page 33 of the draft document.

Ms. Hanfling inquired about income from Workforce Institute. Mr. Fitzsimmons stated it will be 15% of their net profit, which is expected to be \$60K-plus.

For FY11/12 facility rental fund SJCC is anticipating almost \$42K to go toward general fund to support their general operating expenses. EVC is anticipating \$101K.

Mr. Newton asked about the bookstore and the funds that will be transferred from there to general fund. Mr. Fitzsimmons stated that it's hoped the Committee will provide some relief to the bookstore should other money come available as it concerns him when their fund balance is so low. Mr. Nelson concurred as he stated the bookstore has expenditures in books of \$1M-plus; there would be a serious problem if they don't sell and there isn't a fund balance.

Mr. Fitzsimmons noted \$808,705 is what General Fund 10 will need to contribute to the OPEB. He stated the refinancing of the bonds helped.

Mr. Fitzsimmons noted that the deficit factor is assumed at 1% or \$701,813.

Ms. Garcia stated she is in charge of writing accreditation response. She stated a questionnaire has been sent out and that it's important that those that received it complete the questionnaire and from there strategies will be developed to improve.

Mr. Smith went around the table to inquire of each Committee Member as to whether they had anything to add. There was nothing further.

The meeting was adjourned at 4:55 p.m.